

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6351

BILL NUMBER: HB 1391

DATE PREPARED: Dec 27, 2000

BILL AMENDED:

SUBJECT: School Building Renovation and Improvement.

FISCAL ANALYST: David Hoppmann

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FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: *Building Renovation and Improvement Grant Program and Fund*- This bill establishes a School Building Renovation and Improvement Grant Program to provide funding for the renovation and improvement of public elementary or secondary school buildings that are at least 50 years of age. It provides that \$10,000,000 of surplus Lottery funds shall be transferred annually to the fund. It provides that the grant program is to be administered by the Department of Education (the Department). It provides that a school corporation receiving a grant must provide matching funds in an amount equal to at least 10% of the amount of the grant.

Build Indiana Fund (State and Local Projects Account)- It specifies that at least 10% of the money appropriated from the State and Local Projects Account of the Build Indiana Fund to the Budget Agency for local projects must be used for local school projects involving the renovation or improvement of Indiana public elementary or secondary schools that are at least 50 years of age.

Effective Date: July 1, 2001.

Explanation of State Expenditures: *Building Renovation and Improvement Grant Program and Fund* - This bill transfers \$10 M of surplus Lottery funds to the school building renovation and improvement grant fund.

Under the current statute, surplus Lottery revenue is first transferred to the Teachers' Retirement Fund (TRF) and the Pension Relief Fund (PRF). Once these transfers are made, surplus Lottery revenue is then distributed to the Lottery and Gaming Surplus Account (LGSA) within the Build Indiana Fund. The table below shows actual and projected Lottery revenue for FY 2000 to FY 2003 and the required statutory distributions. After the \$10 M transfer made by this bill, there would be approximately \$97 M that would be transferred to the LGSA.

Surplus Lottery and Gaming Revenue & Distributions (Millions)

Revenues & Distributions	FY 2000 (Actual)	FY 2001 (Projected)	FY 2002 (Projected)	FY 2003 (Projected)
Surplus Lottery Revenue	\$173.3	\$167.0	\$167.0	\$167.0
TRF Transfer	(\$30.0)	(\$30.0)	(\$30.0)	(\$30.0)
PRF Transfer	(\$30.0)	(\$30.0)	(\$30.0)	(\$30.0)
Surplus Lottery Revenue to the LGSA	\$113.3	\$107.0	\$107.0	\$107.0
Surplus Gaming Revenue to the LGSA	\$252.5	\$256.6	\$256.6	\$256.6
Interest	\$18.1	\$14.0	\$14.0	\$14.0
Total Revenue to LGSA	383.9	377.6	377.6	377.6
MVETRA Transfer	(\$219.8)	(\$234.7)	(\$236.2)	(\$236.2)
SLCPA Transfer	(\$164.1)	(\$142.9)	(\$141.4)	(\$141.4)

The LGSA also receives surplus gaming revenues (revenues from the Riverboat Wagering Tax, the Parimutuel Wagering Tax, and the Charity Gaming Excise Tax). A statutorily determined amount of revenue in the LGSA is transferred each year to the Motor Vehicle Excise Tax Replacement Account (MVETRA) within the state General Fund. (Beginning with FY 2002 and continuing each year thereafter, this amount is equal to approximately \$236.2 M.) The remaining money in the LGSA is then transferred to the State and Local Capital Projects Account (SLCPA). The balance of the BIF as of June 30, 2000, is \$342.1 M.

The Department of Education would likely incur additional administrative time and cost in administering the Building Renovation and Improvement Grant Program Fund (the Fund) and determining eligible grant recipients. In addition, the Department would likely incur minimal administrative time and cost in adopting rules to carry out the provisions of this bill.

Build Indiana Fund (State and Local Projects Account)- This bill also specifies that at least 10% of funds appropriated from the BIF State and Local Projects Account after June 30, 2001, must be used for local school projects involving the renovation or improvement of Indiana public schools. After the additional \$10 M transfer of surplus Lottery made in this bill, 10% of the estimated amount of funds available annually would equal \$13 M in FY 2002 and years after.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Building Renovation and Improvement Grant Program and Fund- School corporations would be eligible to receive grant monies from the Fund to renovate existing school buildings that are at least 50 years of age. Eligible school corporations would be required to provide a 10% match. The specific effects of this bill would vary by school corporation and would depend upon local action.

The actual number of elementary and secondary school buildings that are at least 50 years of age is currently indeterminable.

State Agencies Affected: Department of Education, State Lottery Commission, State Treasurer.

Local Agencies Affected: School Corporations.

Information Sources: Terry Spradlin, Department of Education, (317) 232-6671; Distribution of Lottery and Gaming Surplus Account Funds and Riverboat Admissions and Wagering Taxes, (Fiscal Year Ending June 30, 2000).